

LEGISLATURE OF NEBRASKA

ONE HUNDRED FIRST LEGISLATURE

FIRST SESSION

**LEGISLATIVE BILL 555**

FINAL READING

Introduced by White, 8; Mello, 5; Campbell, 25; McGill, 26;  
Nantkes, 46.

Read first time January 21, 2009

Committee: Revenue

A BILL

1 FOR AN ACT relating to the Nebraska Advantage Research and  
2 Development Act; to amend section 77-5803, Revised  
3 Statutes Cumulative Supplement, 2008; to change the  
4 research tax credit; to provide an operative date; and to  
5 repeal the original section.

6 Be it enacted by the people of the State of Nebraska,

1           Section 1. Section 77-5803, Revised Statutes Cumulative  
2 Supplement, 2008, is amended to read:

3           77-5803 ~~(1)~~ Any (1) (a) Except as provided in subdivision  
4 (1) (b) of this section, any business firm which makes expenditures  
5 in research and experimental activities as defined in section 174  
6 of the Internal Revenue Code of 1986, as amended, in this state  
7 shall be allowed a research tax credit as provided in the Nebraska  
8 Advantage Research and Development Act. The credit amount under  
9 this subdivision shall equal fifteen percent of the federal credit  
10 allowed under section 41 of the Internal Revenue Code of 1986, as  
11 amended, or as apportioned to this state under subsection (2) of  
12 this section. The credit shall be allowed for the first tax year it  
13 is claimed and for the four tax years immediately following.

14           (b) Any business firm which makes expenditures in  
15 research and experimental activities as defined in section 174 of  
16 the Internal Revenue Code of 1986, as amended, on the campus of a  
17 college or university in this state or at a facility owned by a  
18 college or university in this state shall be allowed a research  
19 tax credit as provided in the Nebraska Advantage Research and  
20 Development Act. The credit amount under this subdivision shall  
21 equal thirty-five percent of the federal credit allowed under  
22 section 41 of the Internal Revenue Code of 1986, as amended, or as  
23 apportioned to this state under subsection (2) of this section. The  
24 credit shall be allowed for the first tax year it is claimed and  
25 for the four tax years immediately following.

1           (2) For any business firm doing business both within  
2 and without this state, the amount of the federal credit may  
3 be determined either by dividing the amount expended in research  
4 and experimental activities in this state in any tax year by the  
5 total amount expended in research and experimental activities or  
6 by apportioning the amount of the credit on the federal income tax  
7 return to the state based on the average of the property factor  
8 as determined in section 77-2734.12 and the payroll factor as  
9 determined in section 77-2734.13.

10           Sec. 2. This act becomes operative for taxable years  
11 beginning or deemed to begin on or after January 1, 2009, under the  
12 Internal Revenue Code of 1986, as amended.

13           Sec. 3. Original section 77-5803, Revised Statutes  
14 Cumulative Supplement, 2008, is repealed.